CANADA-NOVA SCOTIA
Crop Insurance

ANNUAL REPORT

for the year 2004–05

The Nova Scotia Crop & Livestock Insurance Commission

Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

NOVA SCOTIA

106-04058/

CANADA-NOVA SCOTIA
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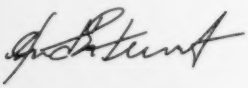
NOVA SCOTIA

Her Honour
The Honourable Myra Freeman
Lieutenant-Governor of Nova Scotia

Dear Madam:

I have the honour to transmit herewith the Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the year ended March 31, 2005.

I am, Your Honour.
Yours very truly,



Chris d'Entremont
Minister of Agriculture and Fisheries

The Honourable Chris d'Entremont
Minister of Agriculture and Fisheries

Dear Sir:

We have the honour to herewith submit the thirty-sixth Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the fiscal year ending March 31, 2005. Included in this report is a summary of operations, the audited financial statements, and statistical information for the programs under the authority of the Commission.

Respectfully submitted,
Nova Scotia Crop and Livestock
Insurance Commission

A. Bentley
Chair

G.A. Post
Manager

TABLE OF CONTENTS

Commission Officers 8
Program Background 9
Objectives and Responsibilities 9
Financial Participation 10
Insurance Plans in Force 11
Features of the Crop Insurance Plans 12
Statistical Summaries 13
The 2004–05 Season 18
Performance Measures 21
Financial Statements 23
Auditor's Report 27

GRAPHS

Fund Revenues 10
Number of Contracts by Year 11
Acres Insured by Year 12
Risk by Year 14
Premiums and Claims by Year 15

COMMISSION OFFICERS

BOARD OF DIRECTORS

Avard Bentley, Chair
Westchester, Cumb. Co.

Michael Johnson, Vice-Chair
NS Dept. Agriculture & Fisheries

R. Michael Walsh
Berwick, Kings Co.

Phillip Stead
Truro, Colchester Co.

Greg Coldwell
Port Williams, Kings Co.

PRINCIPAL OFFICERS

G.A. Post—Manager
T.D Mitchell—Secretary
B.A. Whidden—Accounting Clerk
B.J. Nelson—Clerk
J.R. Gilmore—Supervisor, Field Services
G.D. Macintosh—Coordinator, Research & Program Development
N.B. Sinclair—Database Administrator

AUDITOR

Auditor General, Province of Nova Scotia

SOLICITOR

J.R.M. Akerman, Q.C.

FIELD STAFF

D.R. MacKenzie
M.J. Blenkhorn
J.M. Peill

PROGRAM BACKGROUND

The Nova Scotia Crop Insurance Act, which was assented to in 1968 and amended in 1978 to provide for the administration of the Livestock Insurance program, is cited as the Crop and Livestock Insurance Act.

Under the Crop and Livestock Insurance Act, the Commission is responsible to administer the program under the direction, supervision, and control of the Minister of Agriculture and Fisheries.

The Commission administers crop insurance coverage to 14 crop insurance plans and a livestock insurance program.

OBJECTIVES AND RESPONSIBILITIES

The fundamental objective of the Crop and Livestock Insurance Commission is to make available to Nova Scotia farmers programs that will assist in years of reduced yields, lower revenue, and losses due to insurable perils.

In the interest of efficiency of operations and convenience to farmers, the programs are administered by a common staff, but each program stands on its own. Separate accounting for premium and indemnities is maintained for each program. Administration expenses are proportioned to each program.

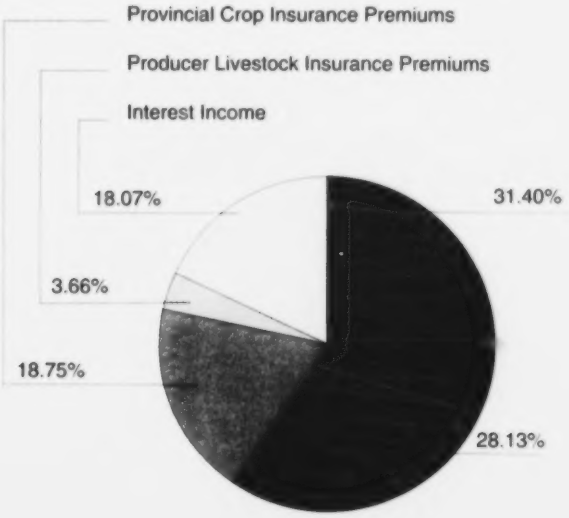
FINANCIAL PARTICIPATION

The administration of the Crop and Livestock Insurance program is the responsibility of the Commission. It is subject to the provisions under the Canada–Nova Scotia Implementation Agreement under the National Agricultural Policy Framework. Crop and Livestock Insurance in Nova Scotia is delivered under the authority of the Crop and Livestock Insurance Act.

The governments of Nova Scotia and Canada each contribute a percentage of administration expenses for crop insurance. Administration expenses for other programs administered by the Commission are the responsibility of the province.

For 2004–05, the government of Nova Scotia contributed 40 per cent of the total administration costs and 24 per cent of the crop insurance premium. The government of Canada contributed 60 per cent of the total administration costs and 36 per cent of the premium for crop insurance programs.

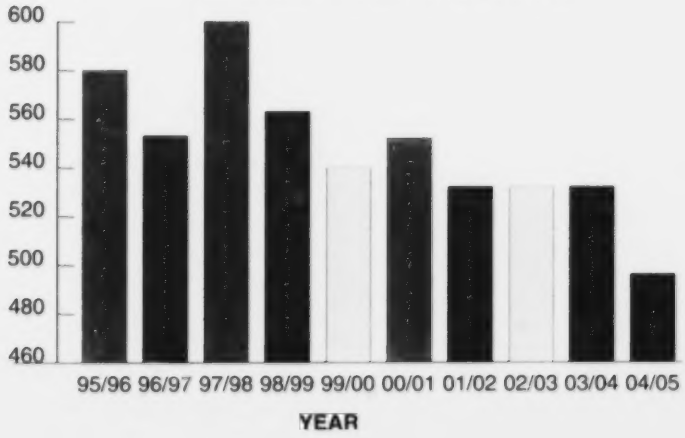
FUND REVENUES



INSURANCE PLANS IN FORCE

Spring Grain:	oats, barley, wheat, and mixed grain
Winter Grain:	rye, wheat
Tree Fruit:	apples, pears
Tree Insurance:	tree protection
Corn:	silage, grain, high moisture
Peas and Beans:	processing
Blueberries:	lowbush and highbush blueberries
Strawberries:	
Raspberries:	
Forage:	establishment year
Forage Production:	
Soybeans:	
Potatoes:	processing, seed, table
Vegetables:	broccoli, brussels sprouts, cauliflower, cabbage, fresh carrots, lettuce, onions, parsnips, processing carrots, rutabagas, and winter squash
Livestock:	dairy

NUMBER OF CONTRACTS BY YEAR



FEATURES OF THE CROP INSURANCE PLANS

Designated Perils

The crop insurance plans protect against loss caused by drought, frost, hail, wind, excessive moisture, insect infestation, plant disease, wildlife, winter injury, unavoidable pollination failure, and off-crop due to adverse weather conditions.

Type of Insurance

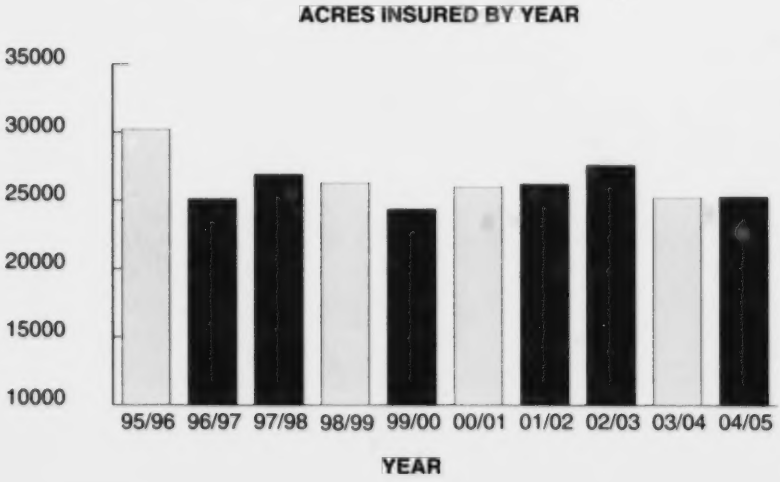
Each insured crop is guaranteed a specific yield based upon the past yield records of each insured. When no past records are available, a benchmark, either provincial or industry averages, is used.

Quality Guarantee

Quality losses are taken into consideration with certain plans such as tree fruit, corn, and spring and winter grain.

Premium Discount/Surcharge

The base premium rate for all insurance plans, with the exception of forage, is adjusted by giving a discount when indemnities paid are less than premium paid or by adding a surcharge when indemnities paid exceed premium. The maximum discount shall be 50 per cent and the maximum surcharge shall be 100 per cent.



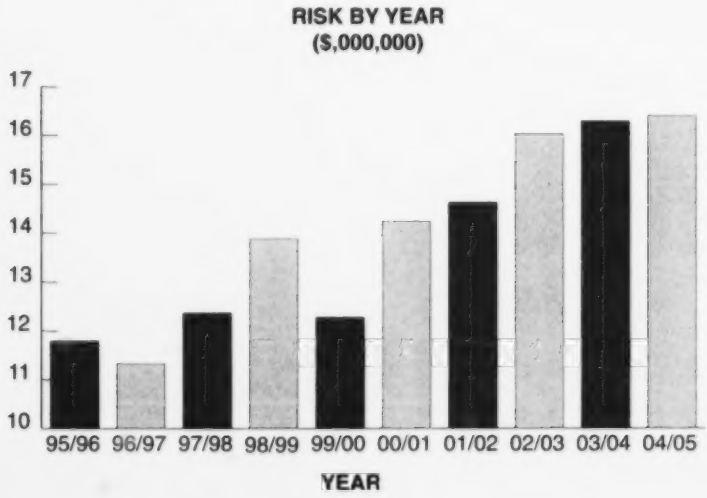
STATISTICAL SUMMARIES
ANNUAL SUMMARY OF INSURANCE PLANS 2004–05

Plan	No. Growers	No. Acres	Total Coverage	Total Premium	Total Indemnities
Spring Grain	72	3,090.94	415,104.27	32,296.74	31,066.99
Tree Fruit	50	2,938.73	4,874,932.90	220,993.15	286,405.31
Tree Ins. End. (Trees)	9	171,439.00	2,334,716.00	11,673.58	0
Peas & Beans	0	0	0	0	0
Forage Est.	11	382.75	53,585.00	4,072.47	911.40
Forage Prod.	0	0	0	0	0
Corn	56	6,566.24	1,703,049.00	95,049.46	13,573.59
Blueberries	165	6,187.64	4,113,041.14	197,858.68	116,230.05
Strawberries	8	61.06	271,511.00	28,174.41	14,202.10
Raspberries	2	1.25	1,316.40	162.17	0
Winter Grain	34	2,982.10	691,677.67	54,738.15	7,016.90
Potatoes	8	1,167.40	913,038.00	8,496.30	0
Soybeans	19	1,029.14	185,968.88	14,727.68	2,826.28
Vegetables	17	826.30	841,120.08	82,395.25	13,268.44
Crop Summary	**451**	**25,233.55**	**$16,399,060.34**	**$750,638.04**	**$485,501.06**
	Herds	**Animals**			
Loss Income			9,567,525.32		
Livestock	148	19,807.00	26,637,800.00 36,205,325.32	54,328.37	4,000.00
Totals			**$52,604,385.66**	**$804,966.41**	

Note: Tree Fruit claim of ($2,187.71) belongs to the 2003 crop year.
Winter Grain claims ($7,016.90) belongs to the 2004 crop year.

SUMMARY OF CROP INSURANCE PLANS (1969–1970 TO 2004–05 CROP YEARS INCLUSIVE)

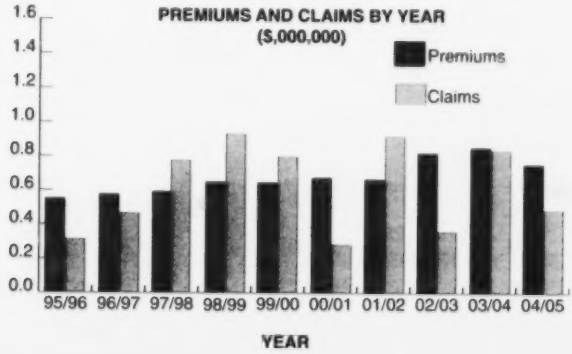
Plan	No. Years	No. Claims	Total Premium	Claims Paid	Loss Ratio
Spring Grain	34	1593	$1,478,911.47	$1,387,306.01	0.94
Winter Grain	33	294	$630,144.34	$564,290.82	0.90
Tree Fruit	33	568	$4,574,861.23	$4,549,469.14	0.99
Tree Rider	20	21	$174,258.00	$89,451.19	0.51
Tobacco	26	21	$767,809.39	$561,296.33	0.73
Corn	32	505	$1,562,310.03	$1,157,237.77	0.74
Peas & Beans	31	629	$3,140,338.94	$3,315,484.65	1.06
Blueberries	30	616	$1,979,302.02	$1,733,387.32	0.88
Strawberries	29	118	$304,385.82	$304,428.22	1.00
Forage Est.	26	146	$92,912.40	$77,871.12	0.84
Soybeans	17	59	$135,225.87	$89,548.50	0.66
Potatoes	16	21	$772,881.37	$942,784.48	1.22
Raspberries	3	3	$1,262.16	$2,829.00	2.24
Forage Prod.	3	1	$16,983.20	$4,551.38	0.27
Vegetables	3	31	$457,062.11	$578,777.92	1.27
TOTAL		**4626**	**$16,088,648.35**	**$15,358,713.85**	**0.95**



OPERATIONS SUMMARY OF CROP INSURANCE YEARS (1969–1970 TO 2004–05 CROP YEARS INCLUSIVE)

Crop Years	No. Contracts	Total Coverage	Total Premium	Claims Paid	Loss Ratio
2004–05	496	16,401,060.34	750,638.04	485,501.06	0.65
2003–04	532	16,278,641.04	833,953.62	816,283.51	0.98
2002–03	532	16,017,939.87	817,002.88	375,454.40	0.46
2001–02	532	14,614,865.02	662,383.83	913,748.05	1.38
2000–01	552	14,235,571.33	671,450.08	285,342.20	0.42
1999–00	540	12,266,330.30	642,684.32	797,459.04	1.24
1998–99	563	13,893,446.80	646,821.92	929,782.98	1.44
1997–98	600	12,357,446.94	589,541.32	776,067.57	1.32
1996–97	553	11,333,794.19	573,198.51	465,839.09	0.81
1995–96	580	11,786,776.62	547,889.80	312,763.50	0.57
1994–95	568	10,712,791.39	575,557.95	511,379.55	0.89
1993–94	577	11,572,519.02	624,484.68	967,080.26	1.55
1992–93	624	11,215,333.94	658,992.66	200,655.25	0.30
1991–92	544	11,615,235.19	632,577.19	1,404,709.79	2.22
1990–91	568	10,812,668.40	576,350.10	361,075.66	0.63
1989–90	604	10,388,965.96	544,223.97	878,496.97	1.61
1988–89	532	10,123,576.34	536,156.26	105,875.06	0.20
1987–88	597	10,144,184.62	536,178.46	158,436.63	0.30
1986–87	730	10,150,321.12	497,240.93	1,388,321.35	2.79
1985–86	730	9,842,990.44	451,781.74	506,393.98	1.12
1984–85	740	9,656,714.23	450,978.08	132,831.31	0.29
1983–84	775	8,863,218.33	451,910.61	442,181.20	0.98
1982–83	760	6,618,768.79	449,727.96	123,888.71	0.28
1981–82	752	5,854,042.18	401,609.14	219,338.95	0.55
1980–81	666	4,228,150.76	295,329.10	196,488.55	0.67
1979–80	695	3,994,307.91	296,406.94	300,974.95	1.02
1978–79	781	3,730,752.45	284,334.24	131,548.18	0.46
1977–78	770	3,381,581.47	251,407.28	253,696.31	1.01
1976–77	602	2,751,869.76	220,219.10	90,559.13	0.41
1975–76	568	2,274,900.30	198,451.73	169,900.31	0.86
1974–75	565	2,030,120.33	164,694.03	232,358.15	1.41
1973–74	492	1,762,978.44	96,519.82	252,505.26	2.62
1972–73	386	1,553,341.41	77,955.05	78,023.10	1.00
1971–72	364	777,955.53	32,884.51	50,406.29	1.53
1970–71	345	823,244.95	31,954.54	35,304.14	1.10
1969–70	277	310,831.53	15,157.96	8,043.41	0.53
TOTAL		**$304,377,237.24**	**$16,088,648.35**	**$15,358,713.85**	**0.95**

Since the program's implementation in 1969, for every dollar collected in premium, $0.95 has been paid out in claims.



SUMMARY OF DAIRY LIVESTOCK INSURANCE PLAN (APRIL 1, 1978–MARCH 31, 2005)

Years	No. Insured Herds	Insured Animals	Total Premium	Claims Paid	Loss Ratio
2004–05	148	19,807	$ 33,767.77	$ 4,000.00	$ 0.12
2003–04	165	20,749	34,980.83	47,640.00	$ 1.36
2002–03	179	21,769	32,864.20	30,144.00	0.92
2001–02	184	21,640	20,858.02	14,210.00	0.68
2000–01	182	20,252	19,538.76	197,632.22	10.11
1999–00	203	21,531	17,108.54	17,400.00	1.02
1998–99	212	22,087	17,475.34	55,104.68	3.15
1997–98	232	22,857	17,797.26	44,679.34	2.51
1996–97	240	22,801	25,891.18	47,960.58	1.85
1995–96	252	22,866	26,219.52	7,270.22	0.28
1994–95	263	23,053	26,720.66	6,400.00	0.24
1993–94	231	20,572	24,979.34	16,400.00	0.66
1992–93	242	21,224	26,093.76	3,752.66	0.14
1991–92	259	22,739	28,987.80	17,157.20	0.59
1990–91	282	23,771	30,883.99	7,600.00	0.25
1989–90	217	26,221	35,295.12	10,130.00	0.29
1988–89	313	25,913	35,507.84	7,639.50	0.22
1987–88	306	25,500	39,104.26	3,200.00	0.08
1986–87	300	24,705	38,929.11	17,593.05	0.45
1985–86	265	22,662	39,200.03	36,775.90	0.94
1984–85	219	18,263	42,042.80	14,459.00	0.34
1983–84	209	18,037	43,820.40	3,400.00	0.08
1982–83	205	17,253	42,423.00	21,133.16	0.50
1981–82	249	20,480	53,326.15	16,120.35	0.30
1980–81	284	22,817	77,919.61	53,089.50	0.68
1979–80	403	29,491	86,731.88	60,501.10	0.70
1978–79	352	26,121	59,198.14	31,744.50	0.54
TOTALS			**$ 977,665.31**	**$793,136.96**	**$0.81**

Since the program was implemented in 1978, for every dollar collected from the insured farmer, $0.81 has been paid out in claims.

DAIRY LIVESTOCK INSURANCE CLAIMS SUMMARY (APRIL 1, 2004–MARCH 31, 2005)

Insurable Perils	Number Animals	Total Claims Paid
1. Shipping fever	3	$4,000.00
2. Reportable diseases	0	0
3. Infectious bovine rhinotracheitis	0	0
4. Other	0	0
5. Loss of income	0	0

CLAIM SUMMARY RE: DAIRY LIVESTOCK INSURANCE PLAN (APRIL 1, 1978–MARCH 31, 2005)

Insurable Diseases	Number Animals	Total Claims Paid
1. Acute mastitis*	108	$104,291.40
2. Shipping fever	371	383,625.54
3. Infectious bovine rhinotracheitis	53	41,337.18
4. Brucellosis	2	810.70
5. Loss of income	0	246,872.14
6. Other	14	16,200.00
Total	**548**	**$793,136.96**

* This peril no longer covered.

THE 2004–05 YEAR GROWING SEASON

With the 2004 crop year, the Commission continued to offer more options to clients. Coverage up to 90 per cent of Average Insurable Yield was introduced for all insurance plans. Approximately 20 per cent of clients selected higher coverage as a result. The increase in coverage value, however, was offset by losses affecting other plans.

The closure of the pea and bean processing lines at Avon Foods left those growers without a market and, consequently, no coverage in that insurance plan. The Pea and Bean plan represented 11 per cent of the Commission's insured acreage and 10 per cent of its premium base. Some of the acreage was planted to lower value crops like corn and spring grains.

The growing season began very slowly with a cold spring. Critical pollination periods saw abnormally low temperatures for extended periods resulting in poor pollination in tree fruits and blueberries. This resulted in a light crop for most growers and a large number of tree fruit claims, although the total value of indemnities was small. The wide geographic distribution of blueberries contributed to a highly variable crop. Overall the provincial crop was slightly above average; however, some very large indemnities were paid to a few producers.

The growing season for most spring seeded crops was generally favorable and a dry fall resulted in a smooth harvest. Indemnities for these crops were well below average. The overall loss ratio for the program was 0.66.

TABLE 1. ESTIMATE – ACTUAL 2004–05

	Estimate 04-05 (000)s	Actual 04-05 (000)s
Revenues		
Insurance Premiums paid by Clients	$ 358	$ 332
Insurance Premiums Contributed by Govt (Federal)	322	266
Insurance Premiums Contributed by Govt (Provincial)	215	177
Interest Income	205	171
Total Revenues	**1,100**	**$946**
Expenses		
Indemnity Claims	1,000	493
Reinsurance Premiums	200	
Bad Debt Expense	5	14
Total Expenses	**1,205**	**507**
Net Income From Insurance Activities	**(105)**	**439**
Crop and Livestock Insurance Fund Balance		
Beginning of Year	6,306	6,317
End of Year	6,201	6,755
Administrative Expenses		
Government Contributions (Canada)	501	441
Government Contributions (Nova Scotia)	392	309
Total Administrative Expenses	**893**	**750**
Net Govt Expenditure		
Canada (Premium + Administration)	823	707
Nova Scotia (Premium + Administration)	607	486
Total Program Expenditure	**1,430**	**1,193**

The Commission's 2004–05 business plan presented three priority areas. Progress on these related to program enhancements, information technology, and red-tape reduction.

1 Program Expansion / Enhancements:
   - Higher coverage levels (up to 90 per cent of long term average).
   - A weather derivative product which is based on actual rainfall rather than yield.
   - Acreage loss program where coverage is based on value per acre rather than yield.
   - Introduction of Livestock Insurance into the Production Insurance platform.

2 Information Technology:
   - Replacement of customized underwriting and accounting software that no longer meets the Commission's needs.

3 Reduction of Red Tape
   - Revision of the Crop and Livestock Insurance Act to allow a more streamlined delivery of products and a quicker response time to industry conditions and client concerns.
   - Update of the 15 regulations the Commission deals with in the delivery of the insurance programs to reflect modern language and more clearly describe how its business operates.

The Commission successfully introduced higher coverage levels in 2004. All clients were offered the opportunity to insure up to 90 per cent of their insurable yield. Clients responded favourably with 20 per cent selecting 90 per cent coverage. The blended coverage level has risen to 82 per cent across the program.

Development work (research) was completed on acreage loss and weather derivative programs in 2003–04. The Commission has approved regulations enabling the introduction of a weather product; however, the Department of Justice has not yet reviewed them, which is required before going on to Treasury and Policy Board. A number of new features have been researched and approved by the Commission and are awaiting regulatory approval. These include risk splitting features, catastrophic loss coverage, and new insurance plans to deal with wildlife damage.

The Commission took part in a National Production Insurance Administrative Best Practices Study in 2005. The study revealed a high administrative cost per client relative to the rest of the country. This is in part due to the economies of scale achieved by other provinces; however, the Commission is adjusting its business processes (underwriting and claim adjusting) to address areas where significant cost saving can be achieved.

The Crop and Livestock Insurance Act was revised by the Legislature in October 2004 and proclaimed in February 2005. The revision streamlines the Commission's business processes and enables more timely reaction to market process and coverage requirements. Regulation changes to a number of plans are still required and will remain a key focus for the Commission in its efforts to improve the effectiveness of the insurance program.

The replacement of the Commission's database software is progressing but not as swiftly as was envisioned. A series of consultations with software vendors were carried out resulting in an updated functional requirements document and a new cost estimate for building a replacement system. The Commission will continue to pursue approval to replace its current antique system.

PERFORMANCE MEASURES

The core business of the Crop and Livestock Insurance Commission is the delivery of insurance products to the agriculture sector. As one of the pillars of Canada's financial system, insurance plays a key role in stabilizing business incomes through providing opportunities to manage or lay off risk. Crop production is particularly risk laden in that natural perils presented by climate and geography cannot easily be controlled or managed. The intended outcome of the Commission's program is to stabilize farm incomes.

Measure	Where are we now? Base / Target / Result	Future Direction? Target 05–06	Comments
Number of Insurance Products Offered: Insurance options are grouped according to plans. The total number of crops insurable is a more relevant figure.	Plans 12 14 14 Crops Insured 23 34	We intend to introduce two new plans by 2005–06 which will allow up to 8 additional crops to be insured.	Weather derivative insurance plans can be adapted to insure any crop affected by moisture or heat levels.
Value of Coverage Written: The total dollar value of risk the Commission has accepted from its clients.	(millions) $14.1 $18.1 $16.3 The value of coverage has risen steadily since 1991 as new programs, and higher unit prices have been offered to our clients.	(millions) 18.0 We intend to exceed $18 Million in crop insurance coverage by 2005–06.	Higher unit prices and coverage options for all crops and increased acres of insured crops have led to higher coverage value.
Aggregate Level of Coverage Written: The weighted average of coverage purchased expressed as a percent of the Total Insurable Yield.	76% 78% 81.2%	The Commission will continue to offer higher coverage levels (90%) and will introduce risk splitting options.	More clients opting for higher coverage. The maximum coverage option offered in 2005–06 was 90% of the Average Insurable Yield.
Number of Farms using Program	500 520 529	We continue to make improvements in communication and service commitments to our clients. This has led to a reevaluation of the criteria for who is considered an "active" client. Although a number of new clients have been attracted to the program, an equal number of clients were removed as they have not been actively growing a crop for several years.	Greater flexibility in rates and coverage options has made the program more accessible for many farm businesses.
Months Elapsed from Commission Approval to Program Implementation	12–18 6 18	The Commission achieved a revision to the Crop and Livestock Insurance Act which will allow a more streamlined business process for our clients. Regulatory changes are still required to introduce new plans and make significant changes to existing plans. The red tape involved in getting regulations approved is delaying introduction of new features and coverage options.	The red tape involved in getting regulations approved is delaying introduction of new features and coverage options. The delays in getting other department approval of regulations is not under the Commission's control.

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
FINANCIAL STATEMENTS

MARCH 31, 2005

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 2005

CONTENTS

	Page
Auditors' Report	27
Balance Sheet	28
Statement of Surplus and Fund Balances	29
Statement of Cash Flows	30
Notes to Financial Statements	31
Schedule A - Premium Revenue and Indemnity Claims	35
Schedule B - Administrative Expenses	36

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and

To the Minister of Agriculture and Fisheries

I have audited the balance sheet of the Nova Scotia Crop & Livestock Insurance Commission as at March 31, 2005, and the statements of surplus and fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 18, 2005

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
BALANCE SHEET
AS AT MARCH 31, 2005

ASSETS

	2005	2004
Current Assets		
Cash	$ 172,578	$ 140,980
Short-term investments (Note 3)	6,507,679	6,072,787
Receivables, trade	31,936	34,998
Accrued interest receivable	102,517	121,504
	6,814,710	6,370,269
Capital Assets (Note 4)	37,482	43,412
	6,852,192	**$6,413,681**

LIABILITIES AND FUND BALANCES

Current Liabilities		
Unearned premiums	$ 44,594	$ 51,015
Deposits for insurance	14,744	614
Provision for payment of unsettled indemnities (Note 5)	-	2,105
	59,338	53,734
Deferred Contributions Related to Capital Assets (Note 6)	37,482	43,413
	96,820	97,147
Fund Balances		
Crop insurance	5,785,414	5,399,468
Livestock insurance	969,958	917,066
	6,755,372	6,316,534
	6,852,192	**$6,413,681**

Commitments (Note 10)

APPROVED ON BEHALF OF THE COMMISSION

Director

Director

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
STATEMENT OF SURPLUS AND FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2005

	Crop Insurance	Livestock Insurance	Other	Totals 2005	2004
Revenues					
Insurance premiums (Schedule A)	$ 740,432	$ 34,587	$ -	$ 775,019	$ 885,200
Interest income	146,975	23,905	-	170,880	212,124
Amortization of deferred contributions (note 6)	-	-	12,116	12,116	10,797
	887,407	58,492	12,116	958,015	1,108,121
Expenses					
Indemnity claims (Schedule A)	487,795	5,600	-	493,395	883,719
Re-Insurance premiums	-	-	-	-	195,633
Bad debt expense	13,666	-	-	13,666	19
Administrative expenses (Note 7) (Schedule B)	734,606	14,992	-	749,598	722,518
Amortization of capital assets	-	-	12,116	12,116	10,797
	1,236,067	20,592	12,116	1,268,775	1,812,686
Surplus (deficiency) before Government contributions	(348,660)	37,900	-	(310,760)	(704,565)
Government contributions (Note 8)	734,606	14,992	-	749,598	722,517
Net Surplus (deficiency)	385,946	52,892	-	438,838	17,952
Fund Balance					
Beginning of year	5,399,468	917,066	-	6,316,534	6,298,582
End of year	**$5,785,414**	**$969,958**	**$ -**	**$6,755,372**	**$6,316,534**

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
Operating Activities		
Net Surplus	$ 438,838	$ 17,952
Amortization of intangible assets	12,116	10,797
Amortization of deferred contributions	(12,116)	(10,797)
	438,838	17,952
Net change in non-cash working capital balances related to operations (note 9)	27,652	(25,731)
	466,490	(7,779)
Investing Activities		
Purchase of short-term investments	(434,892)	65,301
Purchase of capital assets	(6,186)	(18,746)
Deferred contributions related to capital assets	6,186	18,746
	(434,892)	65,301
Increase (decrease) in cash during year	31,598	57,522
Cash, beginning of year	140,980	83,458
Cash, end of year	172,578	$ 140,980

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

1. Authority

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 2(1) of the Nova Scotia Crop and Livestock Insurance Act. The function of the Commission is to administer plans of crop and livestock insurance, and conduct programs relating to these plans.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following accounting policy:

Capital Assets

Capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for office furniture is 10 years and for equipment is 5 or 10 years depending on the type of equipment.

3. Short-term investments

The commission invests excess funds to be used to pay future indemnity claims. At March 31, 2005 these funds had a market value of $6,501,917 (2004 - $6,074,663) and were invested in various corporate and provincial bonds and promissory notes maturing in 2005 and 2006 with yields from 1.20% to 3.25%.

4. Capital Assets

	2005	2004
Equipment and furniture	$ 94,362	$ 122,689
Accumulated amortization	(56,880)	(79,277)
Net book value	37,482	$ 43,412

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

5. Provision for Payment of Unsettled Indemnities

Any indemnities for losses incurred in the fiscal year not paid as of year end have been estimated and recorded in the financial statements, with the exception of indemnities for Winter Grain.

Winter Grain is planted in the fall, but is not harvested until the following fall. Therefore, crop yields for Winter Grain are not known until well after the annual financial statements have been prepared. Crop yields can fluctuate dramatically depending upon factors such as weather conditions during the growing and harvesting seasons. As a result, the occurrence and amount of losses relating to this year's crop, if any, cannot be reasonably estimated at this time and therefore no provision has been recorded in the financial statements. In most cases, the indemnity expense for Winter Grain will be recorded in the year it is paid.

6. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent capital assets which were purchased by the Department of Agriculture and Fisheries on behalf of the Commission.

	2005	2004
Balance, beginning of year	$ 43,413	$ 35,463
Add: Capital assets acquired	6,185	18,747
Less: Amounts amortized to revenue	(12,116)	(10,797)
Balance, end of year	37,482	$ 43,413

7. Related Party Transactions

Administrative expenses include $30,000 (2004–$30,000) for rent and $44,240 (2004–$44,240) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture and Fisheries.

8. Government Contributions

Under the crop insurance programs, producers now pay 40% of the insurance premiums and the Federal and Provincial governments pay 36% and 24% respectfully.

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock insurance program or in non-refundable deposits.

For the 2005 fiscal year, the Federal government contributed 60% (2004 - 40%) of the total administrative expenses. The Provincial government funded the remainder. The Province pays total administrative costs of livestock insurance

9. Net change in non-cash working capital balances related to operations

	2005	2004
Increase (decrease) in cash from changes in:		
Receivables	$ 3,062	$23,820
Accrued interest receivable	18,987	(55,419)
Increase in deposits for insurance	14,130	(960)
Unsettled indemnities	(2,106)	(4,299)
Unearned premiums	(6,421)	11,127
	$ 27,652	**$ (25,731)**

10. Insurance Coverage

The total insurance coverage as of March 31, 2005 was $52,522,735 (2004 - $54,353,458), comprising crop insurance of $16,317,410 (2004 - $16,614,618) and livestock insurance of $36,205,325 (2004 - $37,738,840).

The Province is party to an agreement with the Government of Canada, whereby, the Province made advances to a fund administered by the Government of Canada called the Crop Re-Insurance Fund of Canada for Nova Scotia. The purpose of this Fund is to assist the Province of Nova Scotia when there is a requirement by the Province to make advances to the Commission for the payment of crop insurance indemnities. Advances to this Fund were recorded by the Province as a loan receivable, although they have

not been reflected in the accounting records of the Commission.

The total re-insurance premiums paid by the Province have amounted to approximately $709,345. Management holds the opinion that the payment of these premiums was the responsibility of the Province. The matter remains unresolved as of March 31, 2005. The amount, if any, to be repaid to the Province will be recorded by the Commission at that time.

11. Public Service Superannuation Fund

All full time employees of the Commission are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Commission is not responsible for any unfunded liability. The pension expense incurred in the current year was $31,163 (2004 - $26,6071).

12. Economic dependence

The Commission is economically dependent upon the ongoing and future funding of the Nova Scotia and Federal governments.

13. Comparative figures

In some cases, the comparative figures have been restated to conform with the current year's presentation.

SCHEDULE A

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
PREMIUM REVENUE AND INDEMNITY CLAIMS
FOR THE YEAR ENDED MARCH 31, 2005

	Premium Revenue					Indemnity Claims	
	Farmer	Federal	Provincial	2005	2004	2005	2004
Crop Insurance							
Spring grain	$ 13,246	$ 11,433	$ 7,618	32,297	$ 47,143	31,067	$ 86,714
Winter grain	18,059	16,247	10,842	45,148	44,264	9,312	78,244
Tree fruit	92,599	83,565	55,703	231,867	221,045	286,405	71,956
Corn	37,963	34,254	22,832	95,049	71,810	13,574	36,597
Peas & beans	-	-	-	-	86,954	-	210,922
Blueberries	79,121	71,259	47,479	197,859	223,805	116,230	113,581
Strawberries and raspberries	11,693	9,983	6,661	28,337	12,639	14,202	55,467
Forage	1,697	1,535	1,025	4,257	4,920	911	7,993
Soybeans	6,083	5,189	3,456	14,728	8,338	2,826	-
Potatoes	3,386	3,078	2,031	8,495	20,505	-	-
Vegetables	33,206	29,525	19,664	82,395	108,317	13,268	176,205
	297,053	266,068	177,311	740,432	849,740	487,795	837,679
Livestock Insurance							
Dairy	34,587	-	-	34,587	35,460	5,600	46,040
Total	**$ 331,640**	**$266,068**	**$177,311**	**$755,019**	**$885,200**	**$493,395**	**$883,719**

SCHEDULE B

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 2005

	Crop Insurance	Livestock Insurance	Totals 2005	2004
Personnel	522,520	10,663	533,183	$522,633
Transportation and communication	64,078	1,308	65,386	60,117
Information	13,285	271	13,556	11,870
Professional and special services	42,531	868	43,399	33,871
Office accommodation and equipment rental	32,164	656	32,820	32,373
Repair and maintenance of equipment	3,698	75	3,773	3,222
Materials and supplies	12,975	266	13,241	14,193
Central government services	43,355	885	44,240	44,239
	$734,606	**$14,992**	**$ 749,598**	**$722,518**